



Department of Justice

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BID RIGGING CHARGED ON U. S. - FUNDED CONSTRUCTION CONTRACTS IN EGYPT

WASHINGTON, D.C. -- The Department of Justice today announced that a federal grand jury in Birmingham, Alabama, indicted two companies and two individuals for conspiring to rig bids on U.S.-funded construction projects in the Arab Republic of Egypt and for conspiring to defraud the United States.

In an indictment, filed in U.S. District Court in Birmingham, Alabama, Bill Harbert International Construction Inc. (BHIC), of Birmingham, Alabama; its foreign affiliate, Bilhar International Establishment, of Liechtenstein; and Bilhar's former president, Elmore Roy Anderson were charged with participating in a conspiracy to rig bids and to defraud the United States on over \$250 million of construction work on U.S.-funded projects in Egypt from May 1988 until September 1996. Peter W. Schmidt, a former member of the management board of Philipp Holzmann AG, of Frankfurt, Germany, was charged in a separate indictment with participating in the same conspiracy.

As part of its commitments under the Camp David Peace Accords, the United States has funded, through the U.S. Agency for International Development, numerous construction contracts intended to foster stability and promote public health in the Middle East. In addition, the U.S. Army Corps of Engineers has funded substantial construction work in Egypt.

"The Egyptian construction projects targeted by this scheme were funded by the United States Government, and it is essential that companies and their executives that engage in this kind of criminal conduct be brought to justice," said Charles A. James, Assistant Attorney General in charge of the Antitrust Division.

The indictments charge that the defendants and others carried out the bid-rigging conspiracy by:

- participating in meetings and conversations to discuss rigging the bids on several U.S.-funded contracts in Egypt;
- agreeing to not bid, to bid at certain levels, or to increase the price levels of bids in order to suppress or eliminate competition on those contracts; and
- agreeing to pay or receive millions of dollars in return for commitments by certain members of the conspiracy not to compete for the contracts.

The two companies and two individuals are charged with bid rigging in violation of Section 1 of the Sherman Act, which carries a maximum fine of \$10 million for a corporation, and three years imprisonment and a \$350,000 fine for individuals. In addition, a violation of 18 U.S.C. § 371 carries a maximum fine of \$500,000 for corporations, and five years imprisonment and a \$250,000 fine for individuals. The maximum fine for each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charges are the fourth and fifth cases to arise out of an ongoing investigation in the Northern District of Alabama being conducted jointly by the Justice Department's Antitrust Division, Atlanta Field Office, the USAID Office of Inspector General, and the Federal Bureau of Investigation.

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Anyone with information concerning bid rigging on U.S.-funded construction projects should contact the Antitrust Division's Atlanta Field Office at (404) 331-7100.

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